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CLERK, U.S. DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA

BY: *g*

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Attorneys for Defendant/Counterclaimant
WEST COAST DEALS, INC.

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF CALIFORNIA**

SPY OPTIC, INC., a California
corporation,

Plaintiff,

v.

WEST COAST DEALS, INC., a
California corporation, dba
WWW.HBSUNGLASSCOMPANY.
COM; and DOES 1 through 5,
inclusive,

Defendants.

CASE NO. 08-cv-0384-IEG- RBB

Judge Irma E. Gonzalez

**DEFENDANT WEST COAST
DEALS, INC.'S ANSWER TO
COMPLAINT,**

**AND COUNTERCLAIM
TO COMPLAINT**

DEMAND FOR JURY TRIAL

WEST COAST DEALS, INC., a
California corporation, dba
WWW.HBSUNGLASSCOMPANY.
COM,

Counterclaimant,

v.

SPY OPTIC, INC., a California
corporation, and ROES 1 through 5,
inclusive,

Counterdefendants.

ANSWER

Defendant WEST COAST DEALS, INC., doing business as

1 www.hbsunglasscompany.com ("WEST COAST" and "Defendant"), by and
2 through its attorneys of record, hereby answers the Complaint of Plaintiff SPY
3 OPTIC, INC., ("SPY OPTIC"), as follows:

4 **PARTIES**

5 1. Defendant lacks knowledge or information sufficient to form a belief
6 as to the truth of the allegations contained in Paragraph 1, and on that basis denies
7 each and every allegation therein.

8 2. Defendant denies that 6292 Turnberry Circle, Huntington Beach,
9 California is WEST COAST's principal place of business. Defendant admits the
10 remaining allegations in Paragraph 2.

11 3. Defendant lacks knowledge or information sufficient to form a belief
12 as to the truth of the allegations contained in Paragraph 3, and on that basis denies
13 each and every allegation therein.

14 4. Defendant denies the allegations in Paragraph 4 with respect to
15 WEST COAST. Defendant lacks knowledge or information sufficient to form a
16 belief as to the truth of the allegations contained in Paragraph 4 with respect to the
17 other defendants, and on that basis denies each and every allegation therein.

18 5. Defendant denies the allegations in Paragraph 5 with respect to
19 WEST COAST. Defendant lacks knowledge or information sufficient to form a
20 belief as to the truth of the allegations contained in Paragraph 5 with respect to the
21 other defendants, and on that basis denies each and every allegation therein.

22 6. Defendant denies the allegations in Paragraph 6 with respect to
23 WEST COAST. Defendant lacks knowledge or information sufficient to form a
24 belief as to the truth of the allegations contained in Paragraph 6 with respect to the
25 other defendants, and on that basis denies each and every allegation therein.

26 **JURISDICTION AND VENUE**

27 7. Defendant admits that the claims arise under the patent laws of the
28 United States of America and that this Court has jurisdiction over all the claims.

1 8. Defendant denies the allegation that Defendant has committed acts of
2 infringement in this judicial district, and admits the remaining allegations.

3 **BACKGROUND OF THE CONTROVERSY**

4 9. With respect to the allegations of Paragraph 9, Defendant admits that
5 United States Patent No. D534,573 (the “‘573 Patent”) was entitled “Sunglass”
6 and issued on January 2, 2007, and that a true copy of the ‘573 Patent is attached
7 to the Complaint as Exhibit 1. Defendant lacks sufficient information to admit or
8 deny that Spy Optic is the owner of the ‘573 Patent, that the ‘573 Patent is valid
9 and in full effect, and that such issue was in compliance with the statutes relative
10 thereto and, on that basis, denies the remaining allegations of Paragraph 9.

11 10. With respect to the allegations of Paragraph 10, Defendant admits
12 that United States Patent No. D557,731 (the “‘731 Patent”) was entitled
13 “Sunglass” and issued on December 18, 2007, and that a true copy of the ‘731
14 Patent is attached to the Complaint as Exhibit 2. Defendant lacks sufficient
15 information to admit or deny that Spy Optic is the owner of the ‘731 Patent, that
16 the ‘731 Patent is valid and in full effect, and that such issue was in compliance
17 with the statutes relative thereto and, on that basis, denies the remaining
18 allegations of Paragraph 10.

19 11. With respect to the allegations of Paragraph 11, Defendant admits
20 that United States Patent No. D557,730 (the “‘730 Patent”) was entitled
21 “Sunglass” and issued on December 18, 2007, and that a true copy of the ‘730
22 Patent is attached to the Complaint as Exhibit 3. Defendant lacks sufficient
23 information to admit or deny that Spy Optic is the owner of the ‘730 Patent, that
24 the ‘573 Patent is valid and in full effect, and that such issue was in compliance
25 with the statutes relative thereto and, on that basis, denies the remaining
26 allegations of Paragraph 11.

27 12. Defendant denies the allegations of Paragraph 12.

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FIRST CLAIM FOR RELIEF

13. Defendant incorporates herein by reference the responses in Paragraphs 1 through 12 above in response to Paragraph 13 of the Complaint.

14. With respect to the allegations of Paragraph 14, Defendant admits that the '573 Patent was entitled "Sunglass" and issued on January 2, 2007, and that a true copy of the '573 Patent is attached to the Complaint as Exhibit 1. Defendant lacks sufficient information to admit or deny that Spy Optic is the owner of the '573 Patent, that the '573 Patent is valid and in full effect, and that such issue was in compliance with the statutes relative thereto and, on that basis, denies the remaining allegations of Paragraph 14.

15. Defendant denies the allegations in Paragraph 15 with respect to WEST COAST. Defendant lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 15 with respect to the other defendants, and on that basis denies each and every allegation.

16. Defendant denies the allegations in Paragraph 16 with respect to WEST COAST. Defendant lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 16 with respect to the other defendants, and on that basis denies each and every allegation.

17. Defendant denies the allegations in Paragraph 17 with respect to WEST COAST. Defendant lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 17 with respect to the other defendants, and on that basis denies each and every allegation.

18. Defendant denies the allegations in Paragraph 18 with respect to WEST COAST. Defendant lacks knowledge or information sufficient to form a belief as to the truth of the allegations contained in Paragraph 18 with respect to the other defendants, and on that basis denies each and every allegation.

19. Defendant denies the allegations in Paragraph 19 with respect to WEST COAST. Defendant lacks knowledge or information sufficient to form a

1 belief as to the truth of the allegations contained in Paragraph 19 with respect to
2 the other defendants, and on that basis denies each and every allegation.

3 **SECOND CLAIM FOR RELIEF**

4 20. Defendant incorporates herein by reference the responses in
5 Paragraphs 1 through 19 above in response to paragraph 20 of the Complaint.

6 21. With respect to the allegations of Paragraph 21, Defendant admits
7 that the '731 Patent was entitled "Sunglass" and issued on December 18, 2007,
8 and that a true copy of the '731 Patent is attached to the Complaint as Exhibit 2.
9 Defendant lacks sufficient information to admit or deny that Spy Optic is the
10 owner of the '731 Patent, that the '731 Patent is valid and in full effect, and that
11 such issue was in compliance with the statutes relative thereto and, on that basis,
12 denies the remaining allegations of Paragraph 21.

13 22. Defendant denies the allegations in Paragraph 22 with respect to
14 WEST COAST. Defendant lacks knowledge or information sufficient to form a
15 belief as to the truth of the allegations contained in Paragraph 22 with respect to
16 the other defendants, and on that basis denies each and every allegation.

17 23. Defendant denies the allegations in Paragraph 23 with respect to
18 WEST COAST. Defendant lacks knowledge or information sufficient to form a
19 belief as to the truth of the allegations contained in Paragraph 23 with respect to
20 the other defendants, and on that basis denies each and every allegation.

21 24. Defendant denies the allegations in Paragraph 24 with respect to
22 WEST COAST. Defendant lacks knowledge or information sufficient to form a
23 belief as to the truth of the allegations contained in Paragraph 24 with respect to
24 the other defendants, and on that basis denies each and every allegation.

25 25. Defendant denies the allegations in Paragraph 25 with respect to
26 WEST COAST. Defendant lacks knowledge or information sufficient to form a
27 belief as to the truth of the allegations contained in Paragraph 25 with respect to
28 the other defendants, and on that basis denies each and every allegation.

1 26. Defendant denies the allegations in Paragraph 26 with respect to
2 WEST COAST. Defendant lacks knowledge or information sufficient to form a
3 belief as to the truth of the allegations contained in Paragraph 26 with respect to
4 the other defendants, and on that basis denies each and every allegation.

5 **THIRD CLAIM FOR RELIEF**

6 27. Defendant incorporates herein by reference the responses in
7 Paragraphs 1 through 26 above in response to Paragraph 27 of the Complaint.

8 28. With respect to the allegations of Paragraph 28, Defendant admits
9 that the '730 Patent was entitled "Sunglass" and issued on December 18, 2007,
10 and that a true copy of the '730 Patent is attached to the Complaint as Exhibit 3.
11 Defendant lacks sufficient information to admit or deny that Spy Optic is the
12 owner of the '730 Patent, that the '573 Patent is valid and in full effect, and that
13 such issue was in compliance with the statutes relative thereto and, on that basis,
14 denies the remaining allegations of Paragraph 28.

15 29. Defendant denies the allegations in Paragraph 29 with respect to
16 WEST COAST. Defendant lacks knowledge or information sufficient to form a
17 belief as to the truth of the allegations contained in Paragraph 29 with respect to
18 the other defendants, and on that basis denies each and every allegation.

19 30. Defendant denies the allegations in Paragraph 30 with respect to
20 WEST COAST. Defendant lacks knowledge or information sufficient to form a
21 belief as to the truth of the allegations contained in Paragraph 30 with respect to
22 the other defendants, and on that basis denies each and every allegation.

23 31. Defendant denies the allegations in Paragraph 31 with respect to
24 WEST COAST. Defendant lacks knowledge or information sufficient to form a
25 belief as to the truth of the allegations contained in Paragraph 31 with respect to
26 the other defendants, and on that basis denies each and every allegation.

27 32. Defendant denies the allegations in Paragraph 32 with respect to
28 WEST COAST. Defendant lacks knowledge or information sufficient to form a

1 belief as to the truth of the allegations contained in Paragraph 32 with respect to
2 the other defendants, and on that basis denies each and every allegation.

3 33. Defendant denies the allegations in Paragraph 33 with respect to
4 WEST COAST. Defendant lacks knowledge or information sufficient to form a
5 belief as to the truth of the allegations contained in Paragraph 33 with respect to
6 the other defendants, and on that basis denies each and every allegation.

7 **AFFIRMATIVE DEFENSES**

8 As and for its affirmative defenses, Defendant WEST COAST DEALS,
9 INC., alleges as follows:

10 **FIRST AFFIRMATIVE DEFENSE**

11 **(Failure to State a Claim)**

12 1. As a first, separate and affirmative defense, Defendant alleges that the
13 Complaint, and each and every cause of action contained therein, fails to state
14 facts sufficient to constitute a cause of action against this answering Defendant.

15 **SECOND AFFIRMATIVE DEFENSE**

16 **(Invalidity)**

17 2. As a second, separate and affirmative defense, upon information and
18 belief, Defendant asserts that the '573, '731, and '730 Patents are all invalid for
19 one or more of the reasons that:

20 (a) The inventor, Jerome J. M. Mage ("Mage"), did not invent the
21 subject matter of the claims of the aforementioned patents, nor did he make or
22 discover any invention, either novel, original or otherwise, within the meaning of
23 the United States Code, Title 35. Upon information and belief, the inventions
24 described in the aforementioned patents were known in the field prior to the
25 alleged invention or more than one year before the respective earliest effective
26 filing date of each patent;

27 (b) The alleged inventions were made by another in this country
28 before Mage's alleged inventions, and such other person had not abandoned,

1 concealed or suppressed the alleged inventions;

2 (c) In light of the prior art at the time the alleged inventions were
3 made, the subject matter thereof would have been known or obvious to one of
4 ordinary skill in the art to which the alleged inventions respectively relate and
5 therefore do not constitute patentable inventions;

6 (d) If there be any inventions in the subject matter of the
7 aforementioned patents, which is denied, the patents nevertheless were not
8 obtained in a manner consistent with the provisions of United States Code Title
9 35. Upon information and belief, the claims of the aforementioned patents are
10 invalid on the grounds that the purported inventions attempted to be patented fail
11 to meet the conditions of patentability specified in Title 35, United States Code,
12 including 35 U.S.C. §§ 112, 102, and/or 103.

13 **THIRD AFFIRMATIVE DEFENSE**

14 **(Inequitable Conduct)**

15 3. As a third, separate and affirmative defense, Defendant asserts, upon
16 information and belief, that the '573, '731, and '730 Patents are unenforceable as a
17 result of inventor Mage's failure to satisfy his duty of disclosure to the United
18 States Patent and Trademark Office, and/or his engaging in inequitable conduct
19 during the prosecution of the aforementioned patents. On information and belief,
20 Mage or others involved in the patent process failed to meet the applicable duty of
21 candor.

22 **FOURTH AFFIRMATIVE DEFENSE**

23 **(Waiver)**

24 4. As a fourth, separate and affirmative defense, Defendant alleges that
25 as a result of Plaintiff's actions, conducts and/or admissions, Plaintiff knowingly
26 and intentionally waived the rights which are alleged against this answering
27 Defendant, and as a result, the Complaint and each and every purported cause of
28 action set forth therein, is barred by the doctrine of waiver.

1 **FIFTH AFFIRMATIVE DEFENSE**

2 **(Estoppel)**

3 5. As a fifth, separate and affirmative defense, Defendant alleges that
4 Plaintiff is barred and equitably estopped from asserting each and every purported
5 cause of action contained in the Complaint by reason of Plaintiff's acts, omissions
6 and conducts and that of Plaintiff's agents.

7 **SIXTH AFFIRMATIVE DEFENSE**

8 **(Unclean Hands)**

9 6. As a sixth, separate and affirmative defense, Defendant alleges that
10 Plaintiff is barred from recovery by the doctrine of unclean hands.

11 **SEVENTH AFFIRMATIVE DEFENSE**

12 **(Unjust Enrichment)**

13 7. As a seventh, separate and affirmative defense, Defendant alleges that
14 Plaintiff's Complaint, and each purported causes of action contained therein, is
15 barred by the doctrine of unjust enrichment.

16 **EIGHTH AFFIRMATIVE DEFENSE**

17 **(Laches)**

18 8. As an eighth, separate and affirmative defense, Defendant alleges that
19 the claims alleged in the Complaint are barred, in whole or in part, by the doctrine
20 of laches.

21 **NINTH AFFIRMATIVE DEFENSE**

22 **(Failure to Mark or Notify)**

23 9. As a ninth, separate and affirmative defense, Defendant alleges that
24 any damages claimed in the Complaint are barred or limited by Plaintiff's failure to
25 properly comply with the patent marking or infringement notification requirements
26 of Title 35 United States Code Section 287.

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TENTH AFFIRMATIVE DEFENSE**(Noninfringement)**

10. As a tenth, separate and affirmative defense, Defendant alleges that it has not infringed Plaintiff's alleged patents in the Complaint literally or under the doctrine of equivalents.

ELEVENTH AFFIRMATIVE DEFENSE**(Innocent Infringement)**

11. As an eleventh, separate and affirmative defense, Defendant asserts that to the extent that Defendants have infringed any claim of the alleged patents held by Plaintiff, such infringement was innocent.

TWELFTH AFFIRMATIVE DEFENSE**(Failure to Mitigate)**

12. As a twelfth, separate and affirmative defense, Defendant asserts that each cause of action alleged is barred, in whole or in part, or recovery reduced by Plaintiff's failure to take reasonable steps to mitigate the damages alleged.

THIRTEENTH AFFIRMATIVE DEFENSE**(Right to Amend)**

13. As a thirteenth, separate, and affirmative defense, Defendant asserts that it has insufficient knowledge or information upon which to form a belief as to whether it may have available any additional as yet unstated defenses. Defendant hereby reserves the right to assert these additional affirmative defenses in the event additional facts become known.

1 **COUNTERCLAIMS**

2 Defendant and Counterclaimant, WEST COAST DEALS, INC., doing
3 business as www.hbsunglasscompany.com ("West Coast" and "Counterclaimant")
4 complains and alleges as follows:

5 **JURISDICTION**

6 1. Pursuant to 28 U.S.C. §§1331 and 1338(a), this Court has original
7 jurisdiction over the first counterclaim for declaratory relief of invalidity and
8 non-infringement of patents.

9 **THE PARTIES**

10 2. Counterclaimant is a California corporation with its principal place of
11 business in Huntington Beach, California. Counterclaimant engages in selling a
12 wide variety of sunglasses through the internet.

13 3. Counterclaimant is informed and believe and based thereon alleges
14 that Counter-defendant Spy Optic, Inc. ("Counter-defendant") is a California
15 corporation with its principal place of business in Carlsbad, California.

16 **FIRST COUNTERCLAIM**

17 **(Declaratory Relief)**

18 4. Counterclaimant incorporates by reference the allegations set forth in
19 paragraphs 1 through 3, inclusive of this counterclaim as though set forth in full
20 herein.

21 5. On or about February 29, 2008, Counter-defendant filed a Complaint
22 against West Coast alleging that Counter-defendant is the owner of three United
23 States patents, the United States Patent Nos. D534,573, D557,730, and D557,731
24 (collectively "patents-in-suit"), and that West Coast's making, using, selling,
25 importing, distributing and/or offering for sale of products infringed the patents-
26 in-suit.

27 6. An actual, justiciable controversy exists between the parties with
28 respect to the alleged infringement of the patents-in-suit. Counterclaimant

1 contends that it had not infringed and are not now infringing any claims of the
2 patents-in-suit, either directly, contributorily, or through inducement.

3 7. Furthermore, an actual, justiciable controversy has arisen and exists
4 between the parties with respect to the validity of the patents-in-suit. Counter-
5 defendant asserts that the patents-in-suit are valid, and Counterclaimant contends
6 that those patents are invalid.

7 8. Counterclaimant desires a judicial determination as to whether:

8 (a) The inventor, Jerome J. M. Mage ("Mage"), did not invent the
9 subject matter of the claims of the patents-in-suit, nor did he make or discover any
10 invention, either novel, original or otherwise, within the meaning of the United
11 States Code, Title 35. The inventions described in the patents-in-suit were known
12 in the field prior to the alleged invention or more than one year before the
13 respective earliest effective filing date of each patent;

14 (b) The alleged inventions were made by another in this country
15 before Mage's alleged inventions, and such other person had not abandoned,
16 concealed or suppressed the alleged inventions;

17 (c) In light of the prior art at the time the alleged inventions were
18 made, the subject matter thereof would have been known or obvious to one of
19 ordinary skill in the art to which the alleged inventions respectively relate and
20 therefore do not constitute patentable inventions;

21 (d) If there be any inventions in the subject matter of the
22 aforementioned patents, the patents nevertheless were not obtained in a manner
23 consistent with the provisions of United States Code Title 35. The claims of the
24 aforementioned patents are invalid on the grounds that the purported inventions
25 attempted to be patented fail to meet the conditions of patentability specified in
26 Title 35, United States Code, including 35 U.S.C. §§ 112, 102, and/or 103;

27 (e) The patents-in-suit are unenforceable as a result of inventor
28 Mage's failure to satisfy his duty of disclosure to the United States Patent and

1 Trademark Office and/or his engaging in inequitable conduct during the
 2 prosecution of the aforementioned patents, and Mage or others involved in the
 3 patent process failed to meet the applicable duty of candor.

4 (f) That Counterclaimants have not made, used, offered to sell, or
 5 sold any patented invention, at issue, within the United States or imported into the
 6 United States any product that infringes on any claim of the patents-in-suit in light
 7 of the prior art, the file history, and the statements, representations, admissions,
 8 arguments, and amendments made by Counter-defendant during the prosecution of
 9 the application of the patents-in-suit.

10 9. A judicial declaration is necessary and appropriate at this time under
 11 the circumstances in order that the parties may ascertain their respective rights and
 12 duties with regards to the patents-in-suit.

13 PRAYER FOR RELIEF

14 WHEREFORE, Defendant/Counterclaimant, West Coast prays for relief as
 15 follows:

- 16 1. That Plaintiff/Counter-defendant takes nothing by this action;
- 17 2. That the Court enters a declaratory judgment stating that:
 - 18 (a) The United States patents, Patent Nos. D534,573, D557,730,
 19 and D557,731 are invalid;
 - 20 (b) The United States patents, Patent Nos. D534,573, D557,730,
 21 and D557,731 are unenforceable.
 - 22 (c) Defendant/Counterclaimant did not infringe the United States
 23 patents, Patent Nos. D534,573, D557,730, and D557,731.
- 24 3. That Defendant/Counterclaimant be awarded its costs, expenses, and
 25 reasonable attorneys fees; and
- 26 4. For such other and further relief that the Court may deem just and
 27 proper.


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1 Respectfully submitted,

2 **OSWALD & YAP LLP**

3
4 Date: April 25, 2008

By:


5 MICHAEL A. OSWALD
6 JAY Y. CHIU
Attorneys for Defendant WEST
7 COAST DEALS, INC.
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DEMAND FOR JURY TRIAL

Defendant, WEST COAST DEALS, INC., pursuant to Rule 38, F.R.C.P.,
hereby demands a jury trial for all issues so triable.

OSWALD & YAP LLP

Date: April 25, 2008

By:


MICHAEL A. OSWALD
JAY Y. CHIU
Attorneys for Defendant, WEST
COAST DEALS, INC.

PROOF OF SERVICE

I am employed in the County of Orange, State of California. I am over the age of eighteen (18) years and am not a party to the within action. My business address is that of 16148 Sand Canyon Avenue, Irvine, CA 92618.

On April 25, 2008, at Oswald & Yap, 16148 Sand Canyon Avenue, Irvine, CA 92618, following ordinary business practices, I served a true and correct copy of the foregoing document entitled: ***DEFENDANT WEST COAST DEALS, INC.'S ANSWER TO COMPLAINT, AND COUNTERCLAIM TO COMPLAINT; DEMAND FOR JURY TRIAL*** on interested parties in this action by placing a true and correct copy of each document thereof, enclosed in a sealed envelope, addressed as follows:

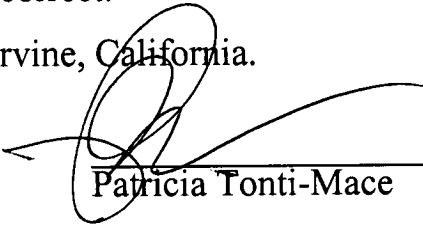
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Attorneys for Plaintiff,
 Spy Optic, Inc.

- () **BY MAIL:** I am readily familiar with Oswald & Yap's, business practice for collection and processing of correspondence for mailing with the United States Postal Service. I know that the correspondence is deposited with the United States Postal Service on the same day this declaration was executed in the ordinary course of business. I know that the envelope was sealed and, with postage thereon fully prepaid, placed for collection and mailing on this date, following ordinary business practices, in the United States mail at Irvine, California.
- () **BY PERSONAL SERVICE:** I caused the foregoing document(s) to be delivered by hand to the above address(es).
- (X) **BY OVERNIGHT COURIER:** I caused the foregoing document to be delivered to an overnight courier service (Federal Express) for delivery to the above address.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed on April 25, 2008, at Irvine, California.


 Patricia Tonti-Mace